

APPENDIX B

SAMPLE BORROWING BASE CALCULATIONS

Showing Compliance and Non-compliance with Maximum 60% Inventory Reliance

	SAMPLE 1				SAMPLE 2			
Gross Export-Related A/R	1,200,000				500,000			
Less Ineligibles	<u>200,000</u>				<u>110,000</u>			
Eligible Export-Related A/R (NON-Retainage)	1,000,000				390,000			
at Advance Rate of:	0.90	900,000		B	351,000		B	
Other Primary Collateral (IF ANY)	500,000				0			
at Advance Rate of:	0.20	100,000		C	0		C	
Loanable Other Primary Collateral								
Gross Export-Related Inventory	3,150,000				3,150,000			
Less Ineligibles	<u>150,000</u>				<u>150,000</u>			
Eligible Export-Related Inventory	3,000,000				3,000,000			
at Advance Rate of:	0.75	2,250,000			2,250,000			
Loanable Export Inventory								
Total Borrowing Base	3,250,000				2,601,000			
Less Reserve for Letters of Credit - INCLUDES ANY NEW L/Cs REQUESTED								
Total (non-Warranty) L/Cs	800,000	@	0.25	200,000	(same for both	200,000		
Warranty L/Cs	0	@	0.75	<u>0</u>	(same for both	<u>0</u>		
(Warranty L/Cs must be reserved at least @ 75% from the Borrowing Base, or @ [100% less Cash Collateral]. In addition, Cash Collateral is required, equal to at least 25% of the face value of Warranty L/Cs. In these samples, there are no Warranty L/Cs, but it is assumed that if there were, then Cash Collateral equal to 25% of the face amount of the Warranty L/Cs would be available and reserved for this purpose.)								
Borrowing Base available to support Disbursements	3,050,000				2,401,000			
Beginning Loan Balance (principal balance of Disbursements)	1,750,000				1,750,000			
New Disbursement (Advance) Request	<u>150,000</u>				<u>150,000</u>			
Ending Loan Balance (principal balance of Disbursements)	1,900,000				A	1,900,000		A
Plus Face Value of ALL Letters of Credit - INCLUDES ANY NEW L/Cs								
Standby L/Cs - Warranty	0							
Standby L/Cs - Non-Warranty	200,000							
Commercial L/Cs	<u>600,000</u>				D			
TOTAL SET-ASIDE FOR L/Cs	<u>800,000</u>				<u>800,000</u>			
Total Disbursements + Set-aside for L/Cs	2,700,000				2,700,000			
NOTE: Cannot exceed Loan Facility Amount	3,000,000							

Calculation of Inventory

$X = A - (B +$ represents the portion of the principal balance supported by Inventory
 $Y = A + D$ represents the sum of the principal balance of Disbursements plus the
 X / Y cannot exceed sixty percent (60%, or 0.60)

	SAMPLE 1	SAMPLE 2
$X =$	$1,900,000 - (900,000 + 100,000)$	$1,900,000 - (351,000 + 0)$
$X =$	900,000	1,549,000
$Y =$	$1,900,000 + 600,000$	$1,900,000 + 600,000$
$Y =$	2,500,000	2,500,000
$X / Y =$	$900,000 / 2,500,000$	$1,504,000 / 2,500,000$
	0.36	0.62

Less than 0.60, therefore IN compliance.

Greater than 0.60, does NOT
